



News Release

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FOR IMMEDIATE RELEASE

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Ag secretary asks USDA to withdraw a portion of new grain warehouse rule

TOPEKA – In a letter to USDA this week, Kansas Secretary of Agriculture Jamie Clover Adams asked the agency to withdraw a portion of an Aug. 5 rule of the Grain Standards and Warehouse Improvement Act of 2000 because it attempts to invalidate legitimate state action meant to protect grain producers.

USDA had already announced on Oct. 9 that it would place a 90-day moratorium on accepting new federal warehouse license applications from state-licensed operators based on similar statements made by the National Association of State Departments of Agriculture.

In her letter to J. B. Penn, undersecretary for farm and foreign agricultural services, Adams thanked USDA for its moratorium but expressed concern that the language in the rule was vague and overreaching. Adams asserted the rule exceeds USDA's authority and circumvents the intent of the U.S. Grain Warehouse Act.

“The vague and overreaching preemption language in the August rule could have many negative ramifications for Kansas producers,” Adams said. She offered that Kansas grain warehouse law allows producers to retrieve grain within 15 days of receiving a bad check and she questioned whether that protection would continue under the new rule. Adams also cited several other provisions of Kansas law that could be affected by the new rule.

Adams recommended that USDA draft substitute language to ensure that the primary goals of the U.S. Grain Warehouse Act — protecting depositors and the credibility of grain warehouse receipts — are advanced.

The National Association of State Departments of Agriculture, at its annual meeting earlier this month, asked USDA to withdraw the merchandising section of the Aug. 5 rule. In her letter to Penn, Adams said that issues raised by other states did not address her concerns because Kansas does not have grain dealer laws.

To view the secretary's letter to J. B. Penn, visit the Kansas Department of Agriculture website at www.accesskansas.org/kda/News/newsre/JBPenn102102.pdf.